



National Housing Development Trust

Financial Statements

June 30, 2009

NATIONAL HOUSING DEVELOPMENT TRUST

FINANCIAL STATEMENTS

JUNE 30, 2009

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National Housing Development Trust
Financial Statements
30 June 2009

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Housing Development Trust in accordance with the provisions of the *Public Management and Finance Law (2005 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2005 Revision)*.

As Chairman and General Manager, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the National Housing Development Trust.

As Chairman and General Manager we are responsible for the preparation of the National Housing Development Trust financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets/equity for the financial year ended 30 June 2009.

To the best of our knowledge we represent that these financial statements:

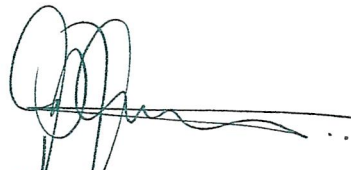
- (a) completely and reliably reflect the financial transactions of National Housing Development Trust for the year ended 30 June 2009;
- (b) fairly reflect the financial position as at 30th June 2009 and performance for the year ended 30th June 2009;
- (c) comply with International Public Sector Accounting Standards under the responsibility of the International Public Sector Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.



Edward Steve McLaughlin
Chairman
National Housing Development Trust

Date- Oct. 20, 2010



Janet James
Interim General Manager
National Housing Development Trust

Date- 20 Oct 2010



Cayman Islands

Office of the Auditor General
Cayman Islands Government
3rd Floor, Anderson Square
64 Shedden Road, George Town
Grand Cayman KY1-9000
Cayman Islands

Tel: 345-244-3211

Fax: 345-945-7738

E-mail: auditorgeneral@gov.ky

Auditor General's Report

To the Board of Directors of the National Housing Development Trust

I have audited the accompanying financial statements of the National Housing Development Trust (the "Trust"), which comprise of the statement of financial position as at 30 June 2009, the statement of changes in net assets, the statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 16 in accordance with the provisions of Section 52(3) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the National Housing Development Trust as at 30 June 2009 and the results of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



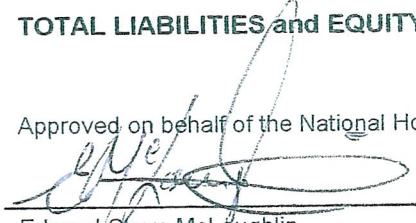
Alastair Swarbrick, MA (Hons), CPFA
Auditor General

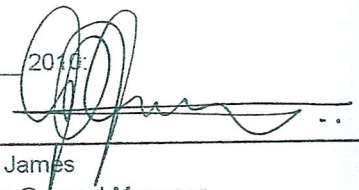
Cayman Islands
20 October 2010

National Housing Development Trust
Statement of Financial Position
As at June 30, 2009
(Expressed in Cayman Islands Dollars)

ASSETS	Note	2009	2008
<i>Current Assets</i>			
Cash and cash equivalents	3	\$ 781,195	\$ 1,832,296
Accounts receivable	4	433,906	356,498
Materials inventory		-	9,758
Prepaid expenses		49,239	50,174
<i>Total Current Assets</i>		<u>1,264,340</u>	<u>2,248,726</u>
<i>Non-current Assets</i>			
Land under development	5	276,461	-
Low-income housing properties	6	4,130,246	4,912,957
Capital assets	7(a)	179,712	46,862
Land	7(b)	3,817,077	2,726,576
<i>Total Non-current Assets</i>		<u>8,403,496</u>	<u>7,686,395</u>
TOTAL ASSETS		<u>9,667,836</u>	<u>9,935,121</u>
LIABILITIES and EQUITY			
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities		112,837	131,003
Current portion of bonds payable	8	452,527	429,724
Other current liabilities		7,000	-
<i>Total Current Liabilities</i>		<u>572,364</u>	<u>560,727</u>
<i>Non-current Liabilities</i>			
Deferred liabilities		284,570	268,032
Bonds payable	8	10,025,807	10,478,334
Special purpose fund	9	30,800	30,800
<i>Total Non-current Liabilities</i>		<u>10,341,177</u>	<u>10,777,166</u>
EQUITY			
Retained earnings		(6,653,711)	(5,420,278)
Contributed capital	10(a)(b)	5,408,006	4,017,506
<i>Total Equity</i>		<u>(1,245,705)</u>	<u>(1,402,772)</u>
TOTAL LIABILITIES and EQUITY		<u>\$ 9,667,836</u>	<u>\$ 9,935,121</u>

Approved on behalf of the National Housing Development Trust on 20 Oct 2010


Edward Steve McLaughlin
Chairman of the Board


Janet James
Interim General Manager

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.

National Housing Development Trust
Statement of Comprehensive Income
For the year ended June 30, 2009
(Expressed in Cayman Islands Dollars)

INCOME	Note	2009	2008
Rent, Strata and Interest		\$ 728,929	\$ 689,624
Interest and Other Income		130,715	153,103
<i>Total Income</i>		<u>859,644</u>	<u>842,727</u>
EXPENSES			
Depreciation	6;7	822,861	799,044
Interest on bonds		579,610	587,464
Personal emoluments		572,677	445,481
Bad debts		297,264	51,766
Property, content and vehicle insurance		118,437	124,368
Repairs and maintenance		106,440	98,613
Office rent and parking		64,053	54,925
Miscellaneous		42,301	86,266
Audit and professional fees		41,760	38,000
Utilities		40,690	44,624
Office supplies		19,079	8,762
Community project		6,413	4,576
Training		650	10,729
<i>Total Expenses</i>		<u>2,712,235</u>	<u>2,354,618</u>
Net Loss from operations		(1,852,591)	(1,511,891)
Other Income/Expense			
Income from Outputs	10(c)	611,234	456,000
<i>Total Other Income</i>		<u>611,234</u>	<u>456,000</u>
<i>Other Expenses</i>			
Loss due to damaged materials		(9,758)	(4,000)
<i>Total Other Expenses</i>		<u>(9,758)</u>	<u>(4,000)</u>
Net Income from other		<u>601,476</u>	<u>452,000</u>
Net Loss		<u><u>\$ (1,251,115)</u></u>	<u><u>\$ (1,059,891)</u></u>

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.

National Housing Development Trust
Statement of Cash Flows
For the year ended June 30, 2009
(Expressed in Cayman Islands Dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net Loss	\$ (1,251,115)	\$ (1,059,891)
Add/(deduct) items not involving cash:		
Depreciation	822,861	799,044
Accrued vacation leave	8,419	6,644
Total	<u>831,280</u>	<u>805,688</u>
Operating (deficit) before working capital changes	(419,835)	(254,202)
(Increase)/decrease in:		
Receivables	(77,409)	(195,558)
Prepaid expenses	935	6,963
Increase/(decrease) in:		
Accounts payable and accrued liabilities	(19,941)	(45,305)
Deferred liabilities	16,538	24,374
Other current liabilities	7,000	-
Cash flow from operating activities	<u>(492,712)</u>	<u>(463,728)</u>
Investing Activities		
Decrease/(Additions) to:		
Low-income housing properties	(255,678)	(344,065)
Capital assets	(172,987)	(31,386)
Cash flow from investing activities	<u>(428,666)</u>	<u>(375,451)</u>
Financing Activities		
Proceeds from/(payment for):		
Bond issuance		
Bonds payable	(429,724)	(408,069)
Capital Injection	300,000	500,000
Cash flow from financing activities	<u>(129,724)</u>	<u>91,931</u>
Increase in Cash and Cash Equivalents	\$ (1,051,101)	\$ (747,248)
Changes in Cash		
Balance 1 July	\$ 1,832,296	\$ 2,579,544
Increase (Decrease)	(1,051,101)	(747,248)
Balance at 30 June	<u>\$ 781,195</u>	<u>\$ 1,832,296</u>

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.

National Housing Development Trust
Statement of Changes in Net Assets
For the year ended June 30, 2009
(Expressed in Cayman Islands Dollars)

	Note	<u>30 June 2009</u>	<u>30 June 2008</u>
Opening Net worth		\$ (1,402,772)	\$ (825,913)
Net income (deficit)		(1,251,115)	(1,059,891)
Capital Injection	10 (a)	300,000	500,000
Capital Contribution	10 (b)	1,090,500	-
Prior Period Adjustment		17,682	(16,968)
Closing balance net worth		<u>\$ (1,245,705)</u>	<u>\$ (1,402,772)</u>

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.

National Housing Development Trust
Notes to the Financial Statements
For the year ended June 30, 2009

1. *Organization and Objectives*

The National Housing Development Trust (the "Trust") was incorporated on September 29, 2003 as a not for profit company by guarantee without share capital. The Trust provides affordable housing to Caymanian citizens.

The National Housing Development Trust offers several programs:

- a) The Government Guaranteed Home Mortgage Assistance (GGHAM) - The Cayman Islands Government (CIG), working along with local banks, provide mortgage funding to persons who cannot qualify for a traditional mortgage from a commercial bank and who are unable to accumulate the required 5-20% required for acquiring a mortgage.
- b) The build on your own property ("BYOP") is an option for a person owning their own home if they have their own land. The National Housing Development Trust assists Caymanian/Status Holders to construct affordable homes on their own property.
- c) The Affordable Housing Initiative ("AHI") is designed to assist low income families to have home ownership.

The Trust is a government owned company with its registered office situated at the Government Administration Building on Elgin Avenue, George Town, Grand Cayman and its office operation located at Cayman Centre, Bldg E Unit 4, Dorcy Drive, Grand Cayman.

2. *Significant accounting policies*

a. *Basis of presentation*

These financial statements are prepared in accordance with International Public Sector Accounting Standards ("IPSAS") under the historical cost convention, and are expressed in Cayman Islands dollars.

b. *Use of estimates*

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

c. Revenue recognition

Income and expenses are recognized on the accrual basis of accounting. Revenue is derived mainly from mortgage interest, strata fees and rental of houses to the Caymanian public at an affordable price.

d. Financial instruments

Financial instruments are measured initially at cost, including transaction costs. The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using management's best estimates, taking into account current market conditions and the credit quality of the counterparties.

The fair value of derivatives that are not exchange traded is estimated at the amount that the bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

e. Cash and cash equivalents

Cash and cash equivalents comprise of deposits held at call with banks maturing within 90 days.

f. Capital assets and Low-income housing properties

Fixed assets and low-income housing properties are stated at cost less accumulated depreciation and any recognized impairment loss. Leasehold Improvements are depreciated over the life of the office lease which is 5 years ending Oct 28, 2012. Depreciation is charged as to write off the cost or valuation of asset over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer equipment	3
Furniture and fixtures	12
Office and telephone equipment	5
Vehicle	5
Low-income housing properties	10
Leasehold Improvements	5

The gain or loss arising on the disposal or retirement of an asset is determined as difference between the sales proceeds and the carrying amount of the asset and is recognized as income.

g. Land under development

This account consists of costs incurred attributable to bringing the asset condition necessary for it to be capable of operating in the manner intended by management. It is categorized as non current assets for the actual cost related to each project. When affordable housing initiative (AHI) houses are completed, the infrastructure cost will be allocated by parcel. The NHDT objective is to complete projects within approximately an eighteen (18) month period.

h. Land

Land is acquired from the government at no cost and is recorded at fair market value at the date of acquisition.

i. Foreign currency

Transactions involving foreign currencies are recorded at the exchange rate prevailing on the transaction date. All assets and liabilities originating in other currencies are translated at rates of exchange in effect at the balance sheet date. Gains and losses on exchange are recorded in the statement of comprehensive income.

j. Employee benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of revenues and expenses as incurred. All pension contributions for eligible employees are paid by the Trust to the Public Service Pensions Fund (the "Fund") on behalf of the Trust employees. The Fund is administered by the Public Service Pensions Board.

k. Deferred liabilities

Payments made by purchasers on their mortgages are recorded as deferred liabilities.

3. Cash and Cash equivalents

Description	2009	2008
CI dollar checking accounts	\$143,076	\$105,719
CI dollar petty cash	600	474
US dollar call account (CI Equivalent)	52,502	46,713
CI dollar fixed deposit	585,017	1,679,485
Total	<u>\$781,195</u>	<u>\$1,832,391</u>

The US dollar balance of \$64,027 was translated at 0.82 at June 30, 2009.

4. *Receivables*

Receivables consist of primarily accumulated client balances for the Affordable Housing Initiative program for Lease & Mortgage Clients and the offset Provision for Doubtful Debt. Receivables – Other primarily consist of unpaid EXCO Output receivable for the 2008/2009 financial year and amounts due from OFTEL for shared office build out. The receivable details are as follows:

Description	2009	2008
Receivables – Mortgage & Lease	\$521,970	\$128,598
Receivables - Other	314,813	227,900
Less Allowance for Doubtful Accounts	(402,877)	-
Total	\$433,906	\$356,498

5. *Land under development*

Work in process accounts, categorized by project location, are as follows:

Description	2009	2008
East End Project Development Site	\$198,678	-
West Bay-Lighthouse Development Site	38,832	-
Eastern Ave Re-development Site	32,695	-
Fairbanks Development Site	2,896	-
Bodden Town Development Site	3,360	-
Total	\$276,461	-

6. *Low-income housing properties*

The Trust owns housing units for rental to low income families at below market rate.

	2009	2008
Opening Balance	\$7,827,112	\$7,810,601
Additions	-	16,511
Loss on damaged materials	-	-
Total	\$7,827,112	7,827,112
Accumulated Depreciation	(3,696,866)	(2,914,155)
Net Book Value	<u>\$4,130,246</u>	<u>\$4,912,957</u>

7. Capital Assets

a. Capital assets for operating the NHDT comprised of the following:

	Computer Equipment	Furniture & Fixtures	Office & Telephone	Vehicle	Leasehold Improvements	Total
Capital Asset Costs						
Opening Balance	\$43,389	\$15,480	\$23,632	\$37,127	-	\$119,628
Acquisitions	6,683	23,174	12,460	-	130,670	\$172,987
Disposals	(24,628)	-	(13,014)	-	-	(37,642)
Total	\$25,444	\$38,654	\$23,078	\$37,127	\$130,670	\$254,973
Accumulated Depreciation						
Opening balance	\$37,103	\$5,535	\$17,377	\$12,750	-	\$72,765
Depreciation during the year	4,854	2,468	4,067	6,982	21,779	\$40,150
Disposals	(24,628)	-	(13,026)	-	-	(37,654)
Total	\$17,329	\$8,003	\$8,418	\$19,732	\$21,779	\$75,261
Net book value, June 30, 2009	<u>\$8,115</u>	<u>\$30,651</u>	<u>\$14,660</u>	<u>\$17,395</u>	<u>\$108,891</u>	<u>\$179,712</u>
Net book value, June 30, 2008	<u>\$6,286</u>	<u>\$9,944</u>	<u>\$6,255</u>	<u>\$24,377</u>	<u>\$-</u>	<u>\$46,862</u>

b. Land owned by the NHDT is composed of the following:

Location	2009	2008
George Town South	\$ 500,000	\$ 500,000
George Town Central	560,000	560,000
West Bay North West	560,000	560,000
South Sound	802,030	802,030
East End	304,547	304,547
West bay - Lighthouse	780,000	-
Bodden Town	215,000	-
Total	<u>\$ 3,721,577</u>	<u>\$2,726,577</u>

8. *Bonds Payable*

In October 2004, the Trust secured funding in the form of a bond issuance from Scotia Capital in the amount of US\$14.5 million at a fixed interest rate of 5.238%. Bi-annual payments of US \$607,032 commenced on 28 April 2006 and the loan will be paid in full by October 2024. The bond issue has been guaranteed by the Cayman Islands Government. The bond payable balance was translated at 0.82 at June 30, 2009. As per wire instruction on the bond, payments are made to Sun Life Financial, Waterloo, Ontario, Canada.

Particulars	USD		CI at (0.82)	
	2009	2008	2009	2008
Amount borrowed	13,302,509	13,800,155	10,908,057	11,316,127
Principal repayments	(524,053)	(497,645)	(429,723)	(408,069)
Bond balance	<u>12,778,456</u>	<u>13,302,510</u>	<u>10,478,334</u>	<u>10,908,058</u>
Current portion	551,863	524,054	452,527	429,724
Long term portion	12,226,593	12,778,456	10,025,807	10,478,334

9. *Special purpose fund*

This fund represents monies used to assist persons who are not able to meet the required deposit for affordable homes operated by the Trust. As of June 30, 2009, this has a balance of \$30,800.

10. *Related Party Transactions*

Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

- Grant income – During the fiscal year ended June 30, 2009 the Trust received a Capital Injection of \$300,000 from the Cayman Islands Government
- Contributed Capital – During the fiscal year ended June 30, 2009 the Trust received two pieces of vested property from the Cayman Islands Government. The new West Bay housing site is Block 4B Parcel 673 valued at CI\$890,500. The new Bodden Town housing site is Block 43A Parcel 56 valued at CI\$200,000.
- Income from Outputs – The Trust received a income from outputs from the government in the amount of \$611,234 for the administration of leases for government guaranteed home assistance mortgage (GGHAM), low income housing scheme, affordable housing initiative (AHI) program and provide support services to low income Caymanian families.

- d) Children and Family Services support payments – During the fiscal year ended June 30, 2009 the Trust received payments from the Cayman Islands Government Department of Children and Family Services of \$4,000.
- e) Cayman Islands Government – During the fiscal year ended June 30, 2009 the Trust made payments to various Government departments for services received. Details are shown below.

Department	Nature	2009	2008
Computer Services	Computer service charge	\$5,193	\$17,753
Lands & Survey	Land valuation, maps, etc	2,403	31,839
Office of the Auditor General	Audit fees	38,751	72,219
Environmental Dept	Garbage Fees	15,948	18,456
Treasury Department	Bad Debt collection service	2,525	1,426
Government Inform. Service	Marketing & Gazette subscriptions	1,855	5,176
Post Office	Annual Box rental fee	100	100
TOTAL		\$66,775	\$146,969

Key management personnel

The remuneration of key management personnel (NHDT General Manager) during the year was \$ 93,424 (2008: \$90,211):

11. Contractual Commitment

The Trust has signed a lease agreement with Bodwin Investments Ltd. for the rental of National Housing Development Trust operating premises in the amount of \$41,250 (US dollar) annually, effective 1st October 2007 for a period of five (5) years. This contract will expire on the 1st October 2012 with an option to renew for an additional five (5) years.

12. Contingencies

There was a legal action against the Trust by the Security Centre Limited in the amount \$13,000 for breach of contract for work performed in August, 2005. The case is currently inactive.

13. Subsequent Events

- a) The Butterfield Bank (Cayman) Limited submitted tender proposal for Long Term Financing to NHDT on March 6, 2009. The NHDT Board accepted the proposal from Butterfield Bank for a bond issue of up to US\$14,500,000/CI\$12,083,000 to be drawn up to June, 2011. The first drawdown was for CI\$2,000,000 in February 2010.

- b) A contract to clear Eastern Avenue property, to demolish six houses, demolish nineteen slabs, remove related septic tanks, and remove all debris was awarded to Ron Wilson Equipment for \$46,925 in October 2009.
- c) Supplementary agreements for government guaranteed loans were approved in August 2010 to increase Government Guaranteed Home Mortgage Assistance loans by \$5M for both First Caribbean International Bank and Butterfield Bank bringing the amount per bank to \$15M.
- d) An infrastructure contract for the East End Affordable Housing Project was awarded to ARCP in February 2010 in the amount of CI\$520,399. The work was completed in August 2010.
- e) A contract for the West Bay Affordable Housing Project was awarded to Civil Works Services Ltd in March 2010 in the amount of CI\$1,481,885. This work was completed in August 2010.

14. Financial Risk Management

The National Housing Development Trust (NHDT) is exposed to a variety of financial risks including interest rate risk, Credit risk and liquidity risk. The NHDT's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the CIG Financial Regulations.

Interest Rate Risk

The NHDT is subject to interest rate risk on the cash placed with a local bank which attracts interest. A late fee of \$15.00 is charged to Tenants on late payments on accounts receivable and not late interest payments. The NHDT is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and short term fixed deposits which are available on demand. The total interest earned during the year ended 30 June 2009 was \$33K (2008: \$99K)

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the NHDT. Financial assets which potentially expose the NHDT to credit risk comprise development of property investments, house construction, cash and cash equivalents and accounts receivable.

The NHDT is exposed to potential loss that would be incurred if the counterparty to the bank balances failed to discharge its obligation to repay. All bank balances are with three financial institutions located in the Cayman Islands which management and the Board considers to be financially secure and well managed.

The NHDT is also exposed to a significant concentration of credit risk in relation to accounts receivables, all of which are due from persons who have a lease or mortgage agreement with the NHDT. The maximum amount of these accounts varies with a month to month payment of \$699 or \$579 for both the rental and mortgage accounts with the total cost of the homes being stated as \$69,900 and \$56,900 respectively for mortgages. There are a total of 106 homes that are included in this project. As at 30 June 2009 and 2008, provisions for doubtful debts has been made for these accounts are considered to impaired and Board consider these debts to be unrecoverable.

The carrying amount of financial assets recorded in the financial statements represents the NHDT's maximum exposure to credit risk. In the case of the mortgage accounts the collateral for these accounts is the home itself and for the rental no collateral is required from the NHDT's debtors.

Liquidity Risk

Liquidity risk is the risk that the NHDT is unable to meet its payment obligations associated with the financial liabilities when they fall due.

The ability of the NHDT to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the NHDT in a timely basis and from proceeds of capital injection that are received from the Cayman Islands Government. In the event of being unable to collect its outstanding debt, it is expected that Government would fund any shortfalls.

15. *Financial Instruments – Fair Values*

As at 30 June 2009 and 2008, the carrying value of cash and cash equivalents, accounts receivable, work in progress, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.